

Bearer shares

Bearer shares or 'share warrants' as they are termed in the Companies Act 1985, are shares which are not represented by a share certificate. Instead they are represented by a warrant which allows the holder – the bearer – to claim all ownership rights which attach to the shares.

A UK company may only issue shares to bearer if:

- it has authority in its articles to do so;
- the shares are fully paid; and
- the shares have first been issued to a registered holder whose name is entered into the register of members.

Once shares have been placed in bearer share warrants they may be transferred by delivery and the transfer does not need to be registered with the company.

One consequence of this is that a company which places its entire issued share capital in bearer share warrants will not know whether it will have to comply with certain rules which relate to companies which only have one member (because it will not know whether one or more persons are holding the bearer share warrants).

There may also be practical difficulties in administering companies when bearer share warrants are issued. In particular if there are no registered members it may be difficult to hold the annual general meeting or any extraordinary general meeting which may be necessary to deal with the company's affairs.

For these reasons it is common to find that at least one share (perhaps of a different class) is held in registered form.

Next steps

Our fees to give the company the necessary power to issue bearer share warrants start at £375.00 + VAT.

Our fees for the conversion of shares to bearer start at £350.00 + VAT.

For more information on our services please contact our Corporate Legal Services team by email through helen_goose@jordans.co.uk or telephone (0117) 918 1322.